

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1668 – HB 2344

February 8, 2016

SUMMARY OF BILL: Authorizes 501(c)(3) organizations, that qualify for the exemption from registration, to file the annual exemption form required by the Division of Charitable Solicitations contemporaneously with the annual report required to be filed with the Division of Business Services. Changes the due date of the exemption form from within six months of the close of an organization's fiscal year to on or before the first day of the fourth month following the close of the organization's fiscal year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$204,000/One-Time

Assumptions:

- A company's annual report is filed with the Secretary of State (SOS) Division of Business Services in the TNBEAR (Tennessee Business Entity & Annual Reporting) system.
- Currently, a Summary of Financial Activities of a Charitable Organization form is filed with the Division of Charitable Solicitations in the Dynamic Microsoft Customer Relationship Management (CRM) System.
- Based on information provided by the Secretary of State, currently the TNBEAR system and the CRM system have no interface or link between the two separate systems.
- A third party vendor would be required to build a new module to link the two systems.
- SOS reports a minimum of 1,200 development hours are required to develop a TNBEAR-CRM filing module to receive and process Summary of Financial Activities Forms and any additional required documentation.
- It is reasonably estimated that development cost are \$100 per development hour.
- The total cost for developing a TNBEAR-CRM filing module is estimated to exceed \$120,000 (minimum 1,200 hours x \$100/hour rate).
- A third party business analyst is estimated to require 400 billable hours on the project at billable rate of \$85 per hour. The one-time state expenditure for a third party business analyst is estimated to be \$34,000 (400 hours x \$85).
- Dynamic Microsoft CRM system modifications will be required. It is reasonably estimated that CRM modifications will exceed \$50,000.
- The total one-time increase in expenditures is estimated to exceed \$204,000 (minimum \$120,000 + \$34,000 + \$50,000).

IMPACT TO COMMERCE:

Increase Business Revenues – Exceeds \$204,000/One-Time

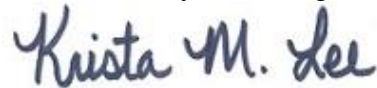
Increase Business Expenditures – Less Than \$204,000/One-Time

Assumptions:

- The Secretary of State's Office will pay a vendor approximately \$204,000 to make the required modifications which will result in an increase in business revenue estimated to exceed \$204,000.
- It is assumed that the vendor will incur expenditures to complete the modifications in an amount that will be less than \$204,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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